



South Carolina State Optional Retirement Program

What Type of Investor Are You?

This questionnaire will help determine what investment strategy may be right for you based on two risk characteristics. First, it will measure your time horizon, which is how long your money will stay invested. Second, it will measure your risk tolerance, or your willingness to stay invested during the ups and downs of the market.

Time Horizon (Circle the answer that fits you best)

1. When do you expect to begin withdrawing money from your account?

- | | Points |
|---------------------|--------|
| a. Less than 1 year | 0 |
| b. 1 to 2 years | 1 |
| c. 3 to 4 years | 3 |
| d. 5 to 7 years | 7 |
| e. 8 to 10 years | 9 |
| f. 11 years or more | 11 |

2. Once you begin withdrawing money, how long do you expect the withdrawals to last?

- | | Points |
|---|--------|
| a. I plan to spend all the money right away | 0 |
| b. 1 to 4 years | 2 |
| c. 3 to 7 years | 4 |
| d. 8 to 10 years | 5 |
| e. 11 years or more | 6 |

Add the points you circled for questions 1-2 and enter your total here:
Time Horizon Total Points _____

Risk Tolerance (Circle the answer that fits you best)

3. Inflation can make purchases more expensive in the future. If inflation is high today, you will have to pay more for the same items tomorrow. Which of the following accounts is most consistent with your investment comfort?

- | | Points |
|--|--------|
| a. Account 1 will most likely beat long-term inflation by a significant amount and has high risk. | 18 |
| b. Account 2 will most likely beat long-term inflation by a moderate amount and has high to moderate risk. | 12 |
| c. Account 3 will most likely beat long-term inflation by a small amount and has moderate risk. | 6 |
| d. Account 4 will most likely match long-term inflation and has low risk. | 0 |

4. The following statements describe the most likely profit, as well as the chance of loss, of \$10,000 invested for one year in four hypothetical accounts. Please select the statement with which you are most comfortable.

- | | Points |
|---|--------|
| a. Most likely value of the account at the end of one year is \$10,600. However, there is a 16% chance of losing money. | 0 |
| b. Most likely value of the account at the end of one year is \$10,700. However, there is a 21% chance of losing money. | 8 |
| c. Most likely value of the account at the end of one year is \$10,800. However, there is a 25% chance of losing money. | 12 |
| d. Most likely value of the account at the end of one year is \$10,900. However, there is a 28% chance of losing money. | 18 |

5. Investors who have received high long-term average profits have experienced greater changes in their account. Considering this, which statement best describes your investment goals?

- | | Points |
|--|--------|
| a. Protect the value of my account. In order to minimize the chance for loss, I am willing to accept lower long-term profits. | 0 |
| b. Keep risk to a minimum while trying to achieve slightly higher profits than the profits provided by investments that are less risky. | 5 |
| c. Balance moderate levels of risk with moderate levels of profit. | 10 |
| d. Maximize long-term investment returns. I am willing to accept large and sometimes dramatic fluctuations in the value of my investments. | 15 |

6. Suppose you invested \$1,000 in a well-diversified account that is now worth \$800. Assuming you still have 10 years until you retire, how would you react?

- | | Points |
|---|--------|
| a. I would not change the investments in my account. | 15 |
| b. I would wait at least one year before changing the investments that are less risky. | 10 |
| c. I would wait at least three months before changing to investments that are less risky. | 5 |
| d. I would immediately change to investments that are less risky. | 0 |

7. The following chart shows the hypothetical results of four sample accounts over a one-year period. The best and worst potential profits and losses are presented. Note that the account with the best potential profit also has the largest potential loss.

Accounts	A	B	C	D
Potential Profit	45%	34%	26%	15%
Potential Loss	-26%	-20%	-15%	-7%

Which of these accounts would you prefer to hold?

- | | Points |
|--------------|--------|
| a. Account A | 19 |
| b. Account B | 12 |
| c. Account C | 7 |
| d. Account D | 0 |

8. I am comfortable with investments that may frequently experience large losses in value if there is a potential for higher profits.

- | | Points |
|----------------------|--------|
| a. Agree | 15 |
| b. Disagree | 8 |
| c. Strongly disagree | 0 |

Add the points you circled for questions 3-8 and enter your total here:
Risk Tolerance Total Points _____

(Continued on back)

Match Your Scores

- 1) Match your time horizon total points (questions 1-2) to the appropriate range category across the top of the chart.
- 2) Match your risk tolerance total points (questions 3-8) to the appropriate range category down the left side of the chart.
- 3) The intersection of these scores indicates the type of investor you may be. Refer to the matching model portfolios below for a description and sample investment account.

Time Horizon Score

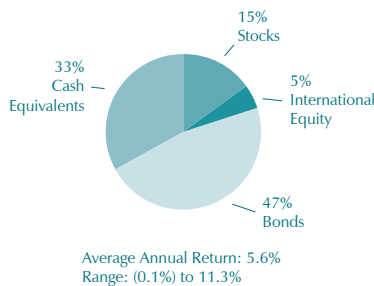
Risk Tolerance Score	0-19 20-39 40-59 60-79 80-100	1-2	3-5	6-7	8-10	11-17
		Conservative	Conservative	Conservative	Conservative	Conservative
		Conservative	Moderate-Conservative	Moderate-Conservative	Moderate-Conservative	Moderate-Conservative
		Conservative	Moderate-Conservative	Moderate	Moderate	Moderate
		Conservative	Moderate-Conservative	Moderate	Moderate-Aggressive	Moderate-Aggressive
		Conservative	Moderate-Conservative	Moderate	Moderate-Aggressive	Aggressive

Note: If your time horizon total points are zero, even the most conservative portfolio may not be an appropriate investment option. You should speak to an investment advisor before investing.

Sample Investment Accounts

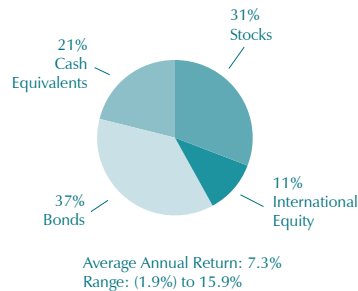
Conservative Portfolio:

The Conservative Portfolio is designed to provide stability and protection from loss to investors who either have a short time horizon and/or a primary goal of avoiding potential losses. The stability of this portfolio comes at the expense of achieving higher long-term profits.



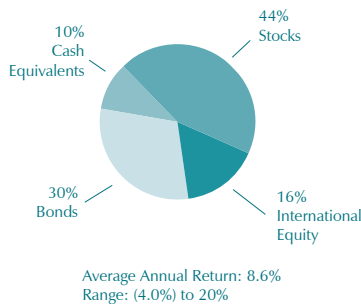
Moderate-Conservative Portfolio:

The Moderate-Conservative Portfolio primarily attempts to avoid short-term loss, but still seeks somewhat higher profits over the long term. To achieve higher potential profits some fluctuations in investment value are to be expected.



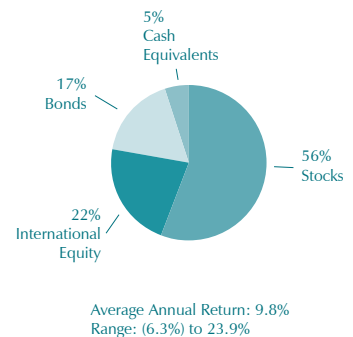
Moderate Portfolio:

The Moderate Portfolio is designed for those who are equally concerned with risk and return. This portfolio is intended to provide profits that are expected to outpace inflation over the long term. Those investing in this portfolio should be comfortable with fluctuations in the portfolio's value and occasional short-term loss.



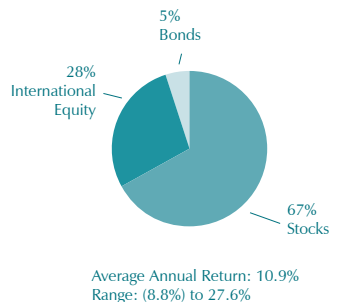
Moderate-Aggressive Portfolio:

The Moderate-Aggressive Portfolio is designed to provide considerable wealth accumulation (profits) to investors with intermediate to long time horizons. Those investing in this portfolio must be comfortable with higher than average price changes and potential short-term losses to achieve the desired higher profits.



Aggressive Portfolio:

The Aggressive Portfolio seeks substantial wealth accumulation (profits) and its primary goal is intended for investors who have a long time horizon. Those who invest in this portfolio must be comfortable with experiencing frequent short-term loss and extreme price changes to achieve high profits over the long term.



The pie chart returns are based on historic performance of market indices and do not represent performance of any specific investment fund. Stocks are represented by the S&P 500 Index total return; bonds are represented by the LB Aggregate Bond Index total return; and cash equivalents are represented by the CG Domestic 30-day Treasury Bill Index total return (and international equity is represented by the MSCI EAFE index). Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the contributions to your individual account.

Understanding the type of investor you are is an important first step to successful retirement planning. To learn more about the State Optional Retirement Program, contact the South Carolina Retirement Systems at PO Box 11960, Columbia, SC 29211-1960; at (800) 868-9002 (in SC only) or (803) 737-6800; or at cs@retirement.sc.gov. You may also visit the Retirement Systems' Web site at www.retirement.sc.gov.

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